



Los Angeles County AUDIT COMMITTEE

Carl Gallucci, Chair
4th^d District
Louisa Ollague, Vice-Chair
1st District
Vacant
2nd District
Genie Chough
3rd District
Lori Glasgow
5th District

MINUTES
FEBRUARY 19, 2009

Vice Chair Louisa Ollague called the meeting to order at 10:40 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, Vice Chair, First District
Genie Chough, Third District
Lori Glasgow, Fifth District

Excused Absence

Carl Gallucci, Chair, Fourth District
Fernando Ramirez, Second District

Others in Attendance

Maria Oms, Auditor-Controller
Aggie Alonso, Auditor-Controller
Don Chadwick, Auditor-Controller
Jim Schneiderman, Auditor-Controller
Susana Graether, Chief Executive Office
Michele Vercoutere, Chief Executive Office
De Witt Roberts, Department of Public Health
Jackie Sakane, Community and Senior Services
Rosemary Osuna, Board of Supervisors
Andrew Sevrin, Board of Supervisors

APPROVAL OF JANUARY 7 AND JANUARY 15, 2009 MINUTES

On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the minutes of January 7, 2009 were approved as submitted.

On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the minutes of January 15, 2009 were approved with the following change:

On Page 4, Paragraph 3, Cash Advances to Contractors, "Vincent Harris noted that advances granted should be based on performance and merit, ~~rather than on~~ in addition to financial viability."

Old Business

Review of Board Policy No. 5.150 – Oversight of Information Technology Contractors (10/07/08):

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.

Review of Board Policy No. 3.050 – Identification Cards (11/07/08): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its March 19, 2009 Audit Committee meeting.**

Proposition A Contract – Department of Public Social Services Gain Case Management Services (November 18, 2008 Board Agenda Item 25) (11/14/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Foothill Family Service Contract Compliance Review – A Wraparound Program and Department of Mental Health Service Provider (12/11/08): **On motion of Louisa Ollague, seconded by Genie Chough, the Committee unanimously approved deferring this item to its March 4, 2009 meeting.**

City of Palmdale Contract – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/08/09): Jackie Sakane, Community and Senior Services, reported that the City of Palmdale “paid in full”, meaning they have either provided payment or documentation, and questioned costs have been resolved. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Los Angeles Urban League, Inc., City of Pomona Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/08/09): Payments to the Los Angeles Urban League are currently suspended, however, documentation was provided for the \$38,000, and the Department of Community and Senior Services (CSS) is working on resolving the League’s one-year \$18,000 accrual. CSS will work with agency staff to address payroll issues. In response to Louisa Ollague, this is the only contract that has been suspended by CSS. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

New Directions, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/08/09): Jackie Sakane, CSS, reported that they no longer contract with New Directions but they are working with Executive Director Toni Ryans to resolve their outstanding debt. There is no mechanism in place to effect a sanction if CSS had to disallow costs. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Van Ness Recovery House Contract Review - A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/09/09): Jackie Sakane, CSS, reported that Van Ness Recovery House paid in full. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Reports to be Received and Filed

Board Policy Sunset Review – Policy 5.090 (04/14/08): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued this item to its March 19, 2009 Audit Committee meeting.**

City of Compton – Compton Careerlink Contract Review – A Community and Senior Services Workforce Investment Act program Provider – Fiscal Year 2007-08 (01/14/09): Genie Chough noted that the City of Compton did not meet 85% of their prime performance outcomes. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Communities in School of South Bay, Inc. Contract Review – A Community and Senior Services Workforce Investment Act program Provider – Fiscal Year 2007-08 (01/15/09): Genie Chough noted that this was an example of another contractor who did not implement the Auditor-Controller's recommendations from a prior year and has not paid their questioned costs. Jackie Sakane responded that CSS is reviewing documentation provided by Communities in School. The last estimate of outstanding monies is \$36,000; the facility asserts it owes \$18,000. The process is to review documentation for questioned costs, and then review outstanding monies owed. Failure to pay results in a suspension.

In response to Louisa Ollague, Ms. Sakane reported that since 2000 WIA allocations have been drastically cut by about 60%. However, \$50 million is anticipated from the federal stimulus plan. In response to Lori Glasgow, Ms. Sakane advised that when funding cuts occur, contract terms are revised. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Status Report Number Two on the Los Angeles County office of Education Juvenile Court Schools Program's Funding Utilization (Board Agenda Items 6 and 47-E, October 14, 2008) (01/15/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Cunningham Group Home, Incorporated – Cunningham Group Home (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Group Home Program Monitoring Report – Turmont Home for Boys/Girls - Turmont Home For Boys Group Home (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Group Home Program Monitoring Report – Pioneer Boys Ranch – Cross Street, Fourl Road and Oak Crossing Road Group Homes (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Group Home Program Monitoring Report – San Gabriel Children's Center, Incorporated – Cypress, Enid, Homerest, Nearfield, Puente and Rambling Group Homes (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Group Home Program Monitoring Report – Penny Lane – Main facility and Satellites 1-8 Group Homes (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Group Home Program Monitoring Report – New World Independent Living Program, Incorporated – Gainsborough and Ranchero Road Group Homes (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

D'Veal Family and Youth Services Contract Review – A Department of Children and Family Services Wraparound Approach Services Program Provider (01/20/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Childnet Youth and Family Services Contract Compliance Review - A Department of Children and Family Services and Mental Health Services Provider (01/22/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

The Resource Company's Evidence-Based Practices Training Status Report – 4/1/2008 to 9/30/2008 (01/22/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Department of Public Health Fiscal Review (01/26/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 19, 2009 meeting.**

Children's Institute, Inc. Contract Compliance Review - A Department of Children and Family Services and Mental Health Services Provider (01/27/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Vista Del Mar Child and Family Services Contact Compliance Review – A Wraparound Program and Mental Health Service Provider (01/27/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 4, 2009 meeting.**

Audit of the Los Angeles County Flood Control District for the Year Ended June 30, 2008 (01/30/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee deferred this item to its March 19, 2009 meeting.**

Clean Fuel Program Board Policy Revision (02/03/09): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Amendments to Rancho Business Center – Phase I, II and IIIA – Ground Leases and Development Agreements and Mutual Waiver and Release (Fourth District) (03/03/09): Michele Vercoutere, Chief Executive Office, reported that in the late eighties the County leased properties to the Rancho Los Amigos campus. In 1990, the CEO entered into an agreement with Fremont Rancho Ltd. to develop Phases I and II, and leased out development Phase III-A in 1992. With Jim Schneiderman's assistance, an audit was conducted that revealed the contractor had not paid rent and costs per the agreement. Total monies owed are \$487,000, and a payment plan was agreed to as payment for \$226,000, the last four years of rent owed from July 2002 to June 2006. Agreement for a Mutual Waiver is being filed with the Board of Supervisors for approval on March 3, 2009. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

PUBLIC COMMENT

There was none.

OTHER BUSINESS

Los Angeles Mission College Contract – Community and Senior Services (Discussion):

Maria Oms advised that Community and Senior Services (CSS) representatives requested additional time for staff research. All CSS matters are requested deferred to next month's meeting. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee continued this item to its March 19, 2009 Audit Committee meeting.**

Contractors Repayment Guidelines (Discussion): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee continued this item to its March 19, 2009 Audit Committee meeting.**

Cash Advances To Contractors (Discussion): Jim Schneiderman reported that Departments were contacted regarding their policy on cash advances; e-mails received indicate two sets of criteria. Department cash advances are not uniform, and the criteria is used on a case-by-case basis. In response to Louisa Ollague, Mr. Schneiderman advised that Los Angeles County does not defer cash payments to contractors as is the State's practice.

CSS Quarterly Report on Monitoring Recommendation Follow-Up (Discussion):

Jackie Sakane reported that a budget reduction resulted in cuts to staffing levels, training, and auditing of CSS facilities. Reports were provided showing three major programs that CSS serves (copy on file).

The report did not include all data for FY2007-08 because a few monitoring follow-ups are currently being completed or reports have not been issued. In response to Genie Chough, Ms. Sakane reported that the WIA unresolved percentage for FY 07-08 is at 72% because each new year the unresolved percentage is a continuance of the unresolved percentage from the previous year.

Of the unresolved questioned costs, \$2,437 will not be collected or resolved because CSS is no longer doing business with the two agencies (Streetlights and Innovative Education Systems). The remaining \$10,592 is currently under review by CSS based on documentation recently provided by the agency, Communities In Schools. If questioned cost amounts can not be resolved and repayment is not received, CSS will suspend the agency's payments until resolution is obtained.

The grand total of questioned costs for FY 05-FY 08 is \$4.7 million. A total of \$3.1 million has been resolved with \$1.25 million to be resolved or collected. Hub Cities over-accrued expenditures for that year and have requested a cost waiver; CSS will not grant a waiver. The agency has repaid \$500,000, and an Incident Report has been filed. All Area Agency on Aging (AAA) facilities have been resolved. Because Domestic Violence agencies are no longer funded by CSS, collections will be difficult. Of the \$20,160 that has been funded, about \$11,910 will remain uncollected because CSS is no longer doing business with these agencies. Lori Glasgow proposed that future contracts should stipulate that poor agency performance can allow for contract cancellation.

A report followed on Differences Between Audit Committee and CSS Reports, tracking FY 05-06, FY 06-07, and FY 07-08 (copy on file).

Genie Chough advised that the three complaints she has regarding CSS reports are poor finance, poor performance, and non-responsiveness to audits. Ms. Sakane agreed to provide "sanction protocols" to the Audit Committee and the Auditor-Controller.

Countywide Contract Monitoring System (CCMS) – Auditor/Controller: Maria Oms requested that this item be deferred to a later date.

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There were none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:01 p.m.